

**Remarks Given By  
Lt. Governor Becky Skillman  
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National Association of Development Organizations**

I'd like to start by saying thank you to NADO for the strong commitment you have shown to rural America by devoting an entire conference session to rural policy and its role in the upcoming Farm Bill.

The challenges facing small American communities are as personal as they can be for me. I hail from a small town myself—born and raised in Bedford, a city of about 15,000, in south central Indiana. I rose through the ranks of local county government and served for 12 years as a Senator in the state legislature. I have spent most of my career working on the issues that impact our small cities and towns. Those issues represent more than work to me. Small town Indiana is my life and my family, and I know that true economic development does not leave small towns behind. It sweeps them up in growth and keeps them thriving.

I am deeply honored to be here today. The future of rural America depends on people like you—our partners in policy who are paying attention and having the difficult conversations; identifying challenges and problems; and working with the best of the best to solve them.

## **CHALLENGES**

When Governor Mitch Daniels and I took office in January 2005, Indiana, like many states, was in debt, losing jobs and driving away investors. Hoosiers, particularly those living in our rural communities, faced a serious lack of economic opportunity. Economic recovery has been our primary goal since day one. We pledged that Indiana would not be a state of “haves” and “have-nots.” Today, with Governor Daniels’ innovation and strong leadership, we have turned the corner toward prosperity for every region of our state.

Indiana is indeed seeing a new day of opportunity. But, despite this progress, we know that significant challenges remain for our small cities and towns. Seventy-five percent of our state’s land mass is rural. Forty-four percent of our population lives in rural communities.

Indiana has a manufacturing economy with a strong agricultural sector. With recent downturns in the national manufacturing sector, we have suffered deep employment losses. In 2004, manufacturing accounted for 16 percent of our total

employment, down from 25 percent in 1980. These losses have forced us to transform our traditional economy.

Rural Indiana lags behind in this transformation. In non-metropolitan employment, manufacturing still accounts for 24 percent of Hoosier jobs. In addition, the percentage of rural Hoosiers who have a college degree is lower than the state average. And, the per capita income in rural Indiana is less than 85 percent of that in metropolitan areas.

## **SOLUTIONS**

I'm proud to say that last year was a banner year for Indiana. We brought more than \$8 billion in private capital investment to that state, along with 22,500+ new jobs. Jobs with an average annual salary of \$42,000.

Agriculture is a significant piece of this new growth – as it has to be for a state like Indiana. In 2006, we saw nearly \$3 billion invested in food and agriculture projects, which created just over 1,200 new jobs. This investment included 17 new ethanol plants and 4 biodiesel facilities – all of which are located in rural towns with fewer than 700 people.

Indiana can't see the kind of economic development it needs without a thriving agriculture industry. But, our economy remains diverse.

I'm proud to say we have stopped manufacturing job loss in its tracks. Thanks to our business-friendly approach, we have landed three major manufacturing deals in the past year.

The companies that chose locate new production facilities in our state will bring more than 4,000 new jobs and invest nearly \$800 million in our state. That does not include the additional investments and new jobs from other supply companies that will grow in order to supply these plants.

What did we do to change the downward spiral of job and investment loss? We made the entire state's economic welfare our number one priority. That meant putting creative thought into our crumbling infrastructure. Even the most rural counties in Indiana have unprecedented state funding thanks to the lease of the Indiana Toll Road. Without fail, executives cite our excellent transportation resources and infrastructure as one of the primary reasons they chose Indiana—and why they were able to choose rural Indiana.

## **OCRA/RISE 2020**

Governor Daniels and I know that Indiana's economic recovery will not be complete unless it includes all Hoosiers. If we are to continue to have a growing agricultural and manufacturing market, we must have a thriving rural economy. Statewide economic development cannot leave anyone behind.

We've made a commitment to rural Indiana. Small cities and towns need resources to leverage their assets, and we're doing our best to partner with them. In 2005, we created the Office of Community and Rural Affairs (OCRA). OCRA is a stand-alone agency that provides resources and technical assistance to our small cities and towns. Putting economic opportunity first, the agency has a mission to assist rural communities in their own vision for the future.

In creating this agency, we've made a conscious effort to separate *agricultural* from *rural*. OCRA works closely with our state Department of Agriculture, but they are not one and the same. In many communities, they are not synonymous, and the structure of our agencies reflects that.

## **RISE 2020**

With OCRA in place and a great staff on board, we moved quickly to identify the highest-priority, rural issues. I told you I am a small town gal – and a small town gal with lots of experience in government. I've dreamed of a comprehensive rural development strategy for years and really, you could say I've been working toward it throughout my career.

As Lt. Governor, it was finally time to take action on that dream.

I initiated a statewide effort to hold rural conversations. One result was the Rural Indiana Strategy for Excellence (RISE 2020). The Indiana Rural Development Council—Indiana's rural development council which is part of the National Rural Development Partnership—and the Center for Regional Development at Purdue University, held more than twenty listening sessions. More than 650 Hoosiers from rural Indiana participated.

In order to get the best feedback we held these sessions around the state in the smallest of towns. Seven critical areas of focus emerged:

- Regional frameworks and partnerships
- Diversity, access, inclusiveness and
- Youth engagement

- Civic leadership and engagement
- Capacity for rural innovation (entrepreneurial culture)
- Asset-based community development and
- Resource leverage for wealth creation and retention.

Using these areas as a framework, OCRA put its agency priorities into a strategic plan we refer to as “Breaking the Boundaries” – a name that reflects our commitment to breaking down the current barriers rural communities face. Our overarching philosophy is to build public-private partnerships leverage all available resources including the academic sector.

OCRA’s specific priorities include:

- Attraction and expansion of philanthropic capital;
- Attraction and retention of entrepreneurial talent;
- Creative practices and programs for rural workforce development;
- Rural broadband development and deployment; and
- Health and human service delivery to reach marginalized populations.

OCRA works closely with other state agencies involved in economic development projects. Our state’s Economic Development Corporation, the Indiana State Department of Agriculture and the Department of Workforce Development have all worked together for rural growth. OCRA also works side-by-side with other partners such as the local USDA Rural Development Office, universities, utilities and non-profit organizations to partner and complement their core activities.

## **PARTNERSHIPS**

I’d like to share with you a few of the best examples of how we have partnered with other organizations successfully.

First, we created a state Rural Capacity Grant Program that encouraged communities to get matching funds from their local community foundations. The program challenged communities to develop creative ways to build capacity in workforce training, education, and entrepreneurship.

Three million dollars in grants were awarded to 23 community partnerships, many of which involved local economic development organizations, regional workforce training programs and small business development centers. These groups make up the structure of economic development in nearly every Hoosier community.

In addition to the Rural Capacity Grant Program, OCRA has retooled the Community Development Block Grant Program (CDBG). It is now geared toward building partnerships and leveraging funding.

Our current state allocation from the U.S. Department of Housing and Urban Development is approximately \$27 million. In the past, there has been no state focus on how those dollars are distributed. Now, we weight the scores to reflect OCRA's key priorities. And, like the Rural Capacity grants, extra points are given to those communities that provide a local match.

These dollars are often desperately needed in rural communities. The programs we have established are already being put to excellent use.

They are being put to use in places like Michigan Town, Indiana, where the local library has been housed in an abandoned gas station for many years. Flooding has actually ruined the children's book room. Thanks to a CDBG grant, the county government has funding to build a new library for the community.

Huntington County Indiana, is using a Rural Capacity Grant for business education for public school students. Their program will educate students on current entrepreneurial options available to them. It will teach them how to write a business plan, and engage the business community with local youth. This is a great example of a community going the extra mile and working together to win grant dollars. Not only was the local Economic Development team involved, but a private group, Huntington Accelerating Community Entrepreneurs, and private businesses, stepped up to help win the money for the county.

Another new program—RECAP, or the Real Estate Capital Access Program—will soon be online as well. Through this program, dollars from the Indiana Main Street Program and Housing and Community Development will go toward rejuvenating the downtowns of small town Indiana, downtown. Many storefront buildings, the ones that add charm and local flavor to main street, have unused space on the second and third floors. RECAP provides grant dollars to renovate the upper floors for housing opportunities. This is yet another way we are partnering to help rural areas leverage their assets.

From our early experience in each of these projects, we quickly identified community foundations as an untapped resource. A recent study by the Indiana Grantmakers Alliance estimates that \$3.3 billion in local wealth could be captured through community foundations over the next ten years. As in state and federal

dollars available for investment in communities continue to decline, community foundations show great promise to become critical strategic investors in Indiana and beyond. The Huntington County group I just described is a great example.

State government has an important role to play in the development of rural America, but we can only do so much. Federal policymakers should be taking action as well. That action must encourage investment from local partners – a significant resource in many communities nationwide.

## **CONCLUSION**

Rural development must happen by choice, not by chance. Governor Daniels and I are choosing to invest in rural Indiana so that all 6.2 million Hoosiers will share in our state's economic recovery. We have accomplished a great deal in a very short time by taking stock of our resources and developing a strong framework for progress. RISE 2020 has enabled us to target our assets and begin to overcome the challenges facing our rural citizens.

I want to emphasize that rural development – like any kind of development – does not happen in a bubble. It takes the constant coordination of all our different sectors to realize the dream of a truly healthy state.

We need a modern infrastructure. We need agencies like Agriculture, Housing and others to be fully engaged in their work. We need to be pursuing trade partners and working to attract new investment. In short, we need to be proactive and do the work of development so we can reap the reward of prosperity.